

Minutes of the Finance Committee

Wednesday, July 18, 2012

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Richard Morris, Dan Draeger, Cathleen Slattery, Bill Zaborowski, Pamela Meyer, and Larry Nelson. Slattery left the meeting at 12:05 p.m.

Also Present: Chiefs of Staff Mark Mader and Shawn Lundie, Enterprise Operations Manager Dave Burch, Deputy Inspector Jim Gumm, Jail Administrator Mike Giese, Business Manager Lyndsay Johnson, Internal Audit Manager Lori Schubert, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Administration Director Norm Cummings, Journal/Sentinel Reporter Laurel Walker, Information Technology Manager Mike Biagioli, Senior IT Professional John Gorski, Business Services Administrator Donn Hoffmann, Personnel Committee Chair Duane Paulson, Budget Specialist Linda Witkowski, Senior Financial Analyst Bill Duckwitz, Employee Benefits Administrator Pete Hans, Principal Human Resources Analyst Terri Sgarlata-Lutz, Parks System Manager Duane Grimm, Senior Civil Engineer Karen Braun. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 6-20-12

MOTION: Nelson moved, second by Draeger to approve the minutes of June 20. Motion carried 7-0.

Schedule Next Meeting Dates

- August 8

Ordinance 167-O-020: Accept Cost- Share Partnership Agreement For Golf Course Project Enhancements And Promotions

Burch indicated Beer Capitol Distributing has offered and agreed to a cost-share partnership to provide \$2,000 per year for five years (2012-2016) to assist with an estimated 50% cost share for printing of the golf course scorecards. They have also offered and agreed to a cost-share partnership to provide payments of \$3,000 per year for five years for a total of \$15,000 to augment the existing budgeted funds for the Naga-Waukee Golf Course Clubhouse Deck/Cart Storage Area project.

This ordinance authorizes the department to accept the first-year contributions of the cost-share agreement totaling \$5,000 in 2012. This ordinance also modifies the 2012 Golf Course Fund budget to increase other revenues by \$5,000 and increase operating expenses by \$2,000 for the printing of scorecards and increase the fixed asset land improvement account by \$3,000. The funds will be used for the Naga-Waukee Golf Course Clubhouse Deck/Cart Storage Improvement project including umbrellas, an outdoor grilling and serving area, energy efficient lighting, signage and landscape improvements. This project was initially approved in the 2011 adopted budget for \$60,000 and the funding was carried over to 2012 and will be used to fix the leaking roof and draining issues.

Burch advised the contributions will be expended this fall which is when the bulk of the amenities will be completed but work will continue over five years. Beer Capitol Distributing accounts for about 85% of their beverage sales. Draeger asked what Beer Capitol receives in return through this

partnership. Burch said their logo will be placed on our scorecards and some signage will be placed on the deck area to advertise their business. Their contribution represents about 20% of the value of the work to be done on the deck area. Haukohl praised the projects and the partnership.

MOTION: Morris moved, second by Zaborowski to approve Ordinance 167-O-020. Motion carried 7-0.

Ordinance 167-O-028: Expenditure Of Seized Funds - Amend The 2012 Sheriff's Department Budget For Multiple Purchases

Gumm and Johnson discussed this ordinance which authorizes the department to participate in a federal program, which transfers forfeited assets (seized funds) to those state and local agencies that contributed directly to the seizure of that property. Federal guidelines dictate that these funds be used to enhance law enforcement activities and not supplant existing budget appropriations. The current balance of undesignated seized funds totals \$493,638. The department is requesting to use up to \$41,664 to purchase the following: security cameras and equipment (\$6,319); communications equipment (\$6,175); restraints (\$12,020); hand-held detectors (\$380); car lock-out kits (\$1,200); video training equipment (\$570); support for Crime Stoppers (\$5,000); and leadership training (\$10,000). None of these items are planned for inclusion in a replacement plan. To answer Mader's question, Gumm said the bulk of the funds for training purposes will be used for tactical training offered by the Las Vegas tactical unit.

MOTION: Zaborowski moved, second by Meyer to approve Ordinance 167-O-028. Motion carried 7-0.

Contract Procurement Process for Auditing Services

Dahl and Ries were present to discuss this item. The contract was awarded to Baker Tilly Virchow Krause, LLP, the highest rated proposer, for a total contract cost of \$615,000 for five years. The first year budgeted amount was \$115,000 (same as the first year cost). Four vendors submitted proposals for consideration.

MOTION: Morris moved, second by Meyer to approve the contract procurement process for auditing services. Motion carried 7-0.

Overview of the Comprehensive Annual Financial Report (CAFR)

Dahl reviewed the CAFR as outlined including the introductory and financial sections, basic financial statements, General Fund, major and non-major Special Revenue Funds, Debt Service Fund, non-major Capital Projects Fund, Proprietary Funds, Fiduciary Funds, long-term debt and capital assets, and the statistical section. Dahl advised this report serves the same purpose as a corporate financial report and reflects actual County budgetary results. This document is audited by a third party. Dahl discussed the importance of the report and said it is utilized by investors and credit rating agencies for bond issue purposes. Regulators, granting agencies, the press, and the public also review it where it can be found online.

MOTION: Draeger moved, second by Zaborowski to accept the 2011 CAFR. Motion carried 7-0.

Ordinance 167-O-027: Modify Capital Project 200822 Asset Management System And 200619 Financial Management Information Systems To Transfer Capital Project Expenditures For Fixed Asset Management Systems

Cummings, Biagioli, and Gorski discussed this ordinance which authorizes the transfer of \$100,000 from the Financial Management Information System (FMIS) capital project to the Asset Management System capital project. The FMIS was to replace the current financial system which included a fixed asset management module for the facilities and highway divisions. It has since been determined this will be better addressed in more specialized software acquired through the Asset Management project. Requests for proposals for a new financial management system included the fixed asset module with software options to address facilities and highway management software requirements. Separate software systems for these two divisions have been identified but with higher costs estimated to exceed the current project budget. However, the shortfall can be addressed with \$100,000 set aside in the FMIS project for a fixed asset module. Sufficient funds will be available in the FMIS project budget after the transfer. Gorski explained the projects in detail.

MOTION: Meyer moved, second by Draeger to approve Ordinance 167-O-027. Motion carried 7-0.

Mid-year Department of Administration Budget Status Report

Cummings and Biagioli gave an update on the department's major departmental strategic outcomes and objectives for 2012 as outlined in the adopted budget book. While there were several delays or changes including budgetary due to various circumstances, no major concerns were raised. Due to time constraints, the remaining budget objectives will be reviewed at the next Finance Committee meeting.

Ordinance 167-O-031: Approve Contingency Transfer For Additional 2012 Election Costs

Cummings, Biagioli, Hoffmann, and Gorski were present to discuss this ordinance as outlined which involves transferring \$387,300 from the Contingency Fund to cover costs associated with the recent recall elections and election problems in the County Clerk's Office. The funds will be used towards ballots (\$130,900); memory pack readers (\$40,100); legal notices in newspapers (\$8,100); temporary extra help (\$1,800); miscellaneous elections costs (\$10,100); consultant programming (\$237,300); consultant study (\$15,000); and election system programming training costs (\$4,000). This is the second Contingency Fund transfer in 2012, the first being \$60,000 which was used toward recall election costs. Cummings stressed that past problems were not fraudulent in any way.

Cummings indicated that SysLogic, an outside consultant, was brought in to look at the County Clerk's elections procedures and make recommendations for change. A back-up system could have resolved many problems that occurred during the recent elections. While a back-up system will help catch mistakes, there is still a need for more automation. Diligent work will be done on additional election-related automation in the County Clerk's Office whereby moving away from manually intensive systems. As requested, copies of the SysLogic report will be forwarded to committee members. Cummings noted the first 15 pages summarizes the full report which primarily focuses on internal controls.

Cummings advised that some of these costs could have been avoided had there been proper business practices and sound management decisions. New procedures need to be put in place. The August election will be the most complex in four years. The November election, while not as complex as August, is expected to be close in Wisconsin and Waukesha County will likely be heavily scrutinized. It is imperative the County be proactive to avoid future problems. Personnel back-up is needed in the County Clerk's Office and outside the office. Unfortunately, the County Clerk had upgraded her system/modem days before the April election and was the only person trained to

program it. Cummings asked what would have happened had she been incapacitated. We cannot postpone an election. No modem has been approved by the Federal Elections Commission for the upgraded system. Biagioli said the modem was an upgrade made available through the vendor. While a back-up system is not a panacea, it would have alleviated the need for ticker-tape-like counting. Cummings noted that Biagioli had contacted two other counties using the same system. As antiquated as it was, those two counties chose not to upgrade with the modem because they did not want to be in a situation where they had to report manually.

Cummings indicated this ordinance also provides for staff training. The County Clerk recently submitted a press release indicating she would take steps to avoid future problems. Cummings said they will work with the County Clerk to provide any assistance she needs to ensure the back-up system is operating and people are trained. Command Central, an outside programming firm, will program the August election. Cummings advised two staff members from the County Clerk's Office and Gorski will attend training in St. Cloud. Haukohl asked if the \$237,300 will cover everything. Cummings said he is hopeful but could not guarantee it.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 167-O-031. Motion carried 7-0.

Mid-Year Status Report on Department of Administration Capital Projects

Cummings and Biagioli gave an update on the department's capital projects which include Tax Records Replacement, Countywide Cashiering, Financial Operations & Management Systems, Register of Deeds Tract Index Replacement, Re-engineering IT Infrastructure, Collection System Interfaces, IT Infrastructure Upgrade to Wiring Closets, Enterprise Content Management, and Workforce Management System. All projects were either complete, near complete, or on schedule and no major concerns were raised.

MOTION: Morris moved, second by Slattery to accept the mid-year status report on Department of Administration capital projects. Motion carried 7-0.

The committee recessed at 12:05 p.m. and reconvened at 1:00 p.m. Slattery did not return for the remainder of the meeting.

Ordinance 167-O-029: Approve Modifications To The 2013 Health Insurance Plans

Hans and Cummings explained this ordinance as outlined which authorizes a number of changes to the County health plan for active employees aimed at stabilizing County costs and employee premiums. It is estimated these changes will result in a nearly \$800,000 savings from the previous plan structure to offset against 2013 projected medical inflation. The ordinance consolidates the two options under the Choice Plus Plan into a single option, and establishes an employee premium cost share of 12% for participants in the Health Assessment Program. Employees electing not to participate in this program will contribute 15%. There is also a second health insurance option; the Health Savings Account Health Plan. It is estimated that the 2013 impact (medical inflation net of plan design savings) will increase about \$150,000 or about 0.9% over 2012 costs. These changes will be addressed in the 2013 budget proposal. Staff went on to review in-network and out-of-network deductibles and co-insurance costs for single and family plans, and maximum out-of-pocket expenses.

MOTION: Zaborowski moved, second by Draeger to approve Ordinance 167-O-029. Motion carried 6-0.

Ordinance 167-O-030: Ratify Teamsters Labor Agreements For 2011 And 2012

Sgarlata-Lutz explained this ordinance as outlined which adjusts the wage rates for employees represented by Teamsters Local 200. A 0.97% across-the-board increase (ATB) would be made effective January 1, 2011 for all covered employees. A 1.50% ATB would be made effective December 31, 2011. The overall fiscal impact is \$3,965,873 for 2011 and \$4,025,360 for 2012, a 1.50% increase (includes salaries, social security, and retirement). Cummings explained this was the most that could be offered them under Act 10 rules. Any more would require a referendum.

MOTION: Morris moved, second by Draeger to approve Ordinance 167-O-030. Motion carried 6-0.

Ordinance 167-O-019: Millpointer Property Acquisition

Grimm explained this ordinance which authorizes the purchase of 9.42 acres in the Village of Nashotah using Walter J. Tarmann Parkland Acquisition Funds. This property is part of the Waukesha County Development Plan. It will eventually allow for a non-motorized boat launch on Forrest Lake in Nashotah Park. The negotiated selling price is \$475,000 plus estimated property acquisition costs totaling around \$15,000. Two appraisers were hired and both came back with the same appraisal. Staff estimate that remaining 2012 budget appropriations in the fund are about \$420,000 or \$70,000 less than what is needed to acquire the property. Therefore, this ordinance also authorizes the appropriation of \$70,000 in Tarmann Fund Balance reserves. Efforts will be made to secure potential state and federal funds for said acquisition.

MOTION: Meyer moved, second by Draeger to approve Ordinance 167-O-019. Motion carried 6-0.

Ordinance 167-O-025: Sale Of Excess Right Of Way - Parcel 37 CTH VV Silver Spring Drive

Braun reviewed this ordinance which authorizes the sale of about 0.83 acres of land originally acquired as right-of-way for a highway improvement project on CTH VV in the Village of Menomonee Falls. The land, which is buildable, has been determined to be excess right-of-way and the department estimates its value at approximately \$40,000 to \$45,000. The proceeds of the sale will be recorded as revenue to the Non-Departmental Fund and will require future County Board action to appropriate and spend.

MOTION: Morris moved, second by Zaborowski to approve Ordinance 167-O-025. Motion carried 6-0.

Future Agenda Items

- Update on Lean Government (Haukohl)

MOTION: Meyer moved, second by Morris to adjourn at 2:23 p.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary